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USDOE/NNSA FOR WKILMARTIN, MBEDKE
DEPARTMENT OF HOMELAND SECURITY FOR AWYSOCKI, THORTON

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SUBJECT: RESPONSE TO 100% SCANNING REQUIREMENT

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11. (SBU) Summary: Contacts at Port of Salalah expressed concern that new scanning requirements for maritime cargo under the USG's 9/11 Act will negatively affect trade at the port. They mentioned specifically that scanning 100% of U.S.-bound cargo for radioactive material and components of weapons of mass destruction (WMD) could lower productivity, and - if not mandated worldwide - hurt Salalah's ability to compete with other ports in the region. Contacts also claimed that Royal Oman Police (ROP) Customs is not ready to effectively manage implementation of the 100% mandate, which could place a considerable additional burden on port operations. End summary.

12. (SBU) Poloff met recently with representatives of the international shipping line AP Moller/Maersk (APM) and Port of Salalah to gauge their reaction to the new U.S. law requiring 100% scanning of U.S.-bound cargo in foreign ports (ref A). Port of Salalah is Oman's biggest port and one of the busiest transshipment hubs in the world (ref B). Port of Salalah already is participating in the Department of Homeland Security's (DHS) Container Security Initiative (CSI) and the Department of Energy's (DOE) Megaports program. The port also is involved in the Secure Freight Initiative (SFI), a pilot program designed to assess the feasibility of the 100% scanning requirement. While reiterating their commitment to these programs and their readiness to comply with U.S. security measures, the representatives raised their concerns that the 100% scanning requirement presents a number of challenges that could eventually disrupt the flow of maritime cargo through the port.

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Lost Productivity
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13. (SBU) The officials commented that the 100% scanning requirement - as opposed to risk-based screening of U.S.-bound cargo currently conducted under CSI - imposes a particularly difficult burden on transshipment ports, where scanning could interfere with the fast-paced nature of the transshipment business. They specifically stated that the mobile non-intrusive inspection (NII) units that the USG plans to install through SFI on the quay at the Port of Salalah likely will not be able to accommodate the volume of traffic at the port without affecting productivity. For instance, they said, the port assigns seven trucks to each crane dockside, unloading and transporting containers from the ship to the stacks at a rate of five containers per hour.

Under SFI's proposed scanning procedures, each truck will convey its container through a NII unit, and when a U.S.-bound container triggers an alarm, the truck will head to secondary for further scanning and alarm adjudication. The procedure will take time, the representative of the port opined; when an alarm removes the truck and its driver from operation, his productivity drops from 35 to 30 moves per hour. This loss in productivity could cause ships to stay longer at port or, in the worst case scenario, for containers to miss their onward connection.

¶4. (SBU) In addition, by placing the mobile NII units on the quay where space is tight and traffic heavy, the heavy use of the machines needed to meet the 100% mandate raises the risk of costly damage to both the units and trucks. The representative of the port admitted that his drivers have a high accident rate as it is. If they end up damaging a mobile unit, he said, he would have to redirect traffic, which would increase the volume of containers running through the remaining units and result in time consuming and expensive bottlenecks. Ultimately, he and the representatives of the line worried that the available scanning technology is not yet advanced enough to meet both the needs of U.S. security and transshipment ports. They recommended, therefore, that the U.S. consider alternatives to 100% scanning until the appropriate technology is developed and tested.

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Unfair Burden
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¶5. (SBU) The port and shipping representatives further stated that the new U.S. law is ambiguous as to whether it requires scanning of U.S.-bound cargo at the last port before entry

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into the U.S. or at all ports of transit and load. Unless the USG mandates full compliance with the scanning requirement in all ports, particularly transshipment ports - and ensures sufficient financial resources to implement it - then those ports that agree to participate will end up losing business in a highly competitive industry, they warned. U.S. law may create a free rider problem, in which major transshipment hubs like Salalah end up shouldering most of the burden for U.S. trade security.

¶6. (SBU) They outlined a scenario in which low-volume import/export ports that lack the resources or will to assume the upfront investments in scanning equipment may end up shifting the responsibility for compliance onto Salalah. The port, therefore, could risk becoming a "scanning hub," which would drag down productivity even further. In another scenario, shippers that have had their cargo scanned at a port of load may choose to bypass Salalah in favor of a regional competitor where ships will not face the prospect of delays due to scanning. (Note: The representative of Port of Salalah mentioned a rumor that the Port of Jebel Ali in Dubai refused U.S. requests to scan transshipment cargo, agreeing only to scan import/export traffic. End note.)

¶7. (SBU) In order to avoid these problems, contacts recommended that the U.S. consider mandating scanning of U.S.-bound cargo at ports of load only, where it is relatively cheap and easy to control what is loaded onto a ship. They predicted that by focusing on ports of load, the U.S. could fulfill the 100% scanning requirement at a much lower cost to international partners and the USG.

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Lack of Readiness
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¶8. (SBU) The representatives also raised their concern that the government of Oman simply will not be ready to implement the 100% requirement. Other contacts in and out of

government likewise contend that Royal Oman Police (ROP) Customs, which will bear responsibility for scanning U.S.-bound containers and adjudicating alarms, lacks the human resource capacity to handle it (ref C). Customs officials have told poloff that the ROP's pace of recruitment and training may not be sufficient to keep up with normal Customs responsibilities, let alone the increasing demands of U.S. security initiatives. The resource strain could become particularly acute at Port of Salalah, contacts tell poloff, which is undergoing rapid expansion and expects to more than double its annual volume of container traffic over the next five years.

¶9. (SBU) Contacts also worry that Customs personnel will not be able to accurately or quickly adjudicate alarms, despite ongoing training through DOE's Megaports program. Port officials commented that Customs' bureaucratic and top-down approach to decision making may strip inspectors of the ability to make on the spot decisions and quickly clear containers that are not of special concern. Even responding to a minimal rate of naturally recurring alarms - alarms triggered by radiation emissions from such innocuous products as bathroom tile and cat litter - could put a heavy and perhaps unsustainable strain on resources.

¶10. (SBU) Finally, APM and port officials flagged the fact that although the port and ROP Customs are scheduled to begin increased scanning of U.S.-bound cargo in January 2008 under the SFI pilot program, Oman still has not developed the capacity to respond if scanning indicates that radioactive material of special concern may indeed be present. They argued that the Omani government, USG and the port first should focus on developing a response protocol for handling and containing potentially dangerous cargo before scanning begins. The lack of such a protocol, they warned, could result in confusion when Customs is unable to clear an alarm immediately, as well as indefinite disruption of Port activities.

¶11. (SBU) Comment: There is a general consensus that the U.S. is rushing to implement enhanced security procedures without fully considering the possible negative ramifications on international commerce. Oman in particular is worried that the 100% scanning requirement could end up being a competitive liability for its biggest port, exactly at a time when Oman hopes to expand maritime trade. Contacts inform us that the Ministry of Commerce and Industry, which initially had not gotten involved in issues related to CSI, Megaports

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or SFI, is beginning to take notice, and raising red flags about the 100% scanning requirement's effect on trade. Post intends to work closely with DHS and DOE to alleviate these concerns, explain changes to U.S. law, and establish mechanisms for collaboration with Omani government and private sector officials to implement the law successfully.
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